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Spilling Some Very Big Beans

Ronald Pelton's trial brings intelligence secrets to light

The defendant, said Federal Prosecutor John Douglass, was nothing short of a walking "gold mine" of U.S. intelligence capabilities. He knew how the U.S. was able to intercept the Soviet Union's "command and control" communications, which contained military instructions from "the highest level" of the Kremlin to the next echelon of authority, according to the defendant's former supervisor. He was familiar with a top-secret program for processing encoded Soviet messages and aware that it was being given an "upgraded capability" that would maintain its usefulness into the 1990s. He was the author of a 60-page "encyclopedia" on Soviet communication signals that set forth which ones were to receive top U.S. decoding priority and how quickly each had to be analyzed.

All of these data, said Douglass, were passed to the Soviet Union by Ronald W. Pelton, 44, a former middle-level analyst for the super secret National Security Agency, which specializes in gathering electronic intelligence. Pelton's espionage trial opened last week in Baltimore's U.S. district court and is expected to conclude this week. Observers were amazed by the Government's willingness to discuss publicly the various means used by the U.S. to intercept and analyze Soviet communications, spy-craft capabilities that had never been openly acknowledged. Said James Bamford, who wrote the authoritative 1982 study of NSA (*The Puzzle Palace*): "This is the furthest the Government has gone in any case."

For weeks the Administration has forcefully been pressuring the press to withhold information strikingly similar to what was being openly disclosed in the Baltimore court. As the trial got under way, NSA Director William Odom and CIA Director William Casey issued an extraordinary statement admonishing that the information revealed at the trial should not be a pretext for further disclosures about intelligence methods. Citing the "competing interests" of prosecutorial revelations and the need to protect the national security, the two intelligence chiefs warned reporters against "speculation and reporting details beyond the information actually released at trial." Allan Adler, legislative counsel of the American Civil Liberties Union, called the statement part of a campaign "to cow the press in national security reporting." Said Washington *Post* Executive Editor Benjamin Bradlee: "How the press covers this



Distressingly banal: the defendant on his way to trial



CIA Director Casey NSA Director Odom

Balancing two "competing interests."

trial is a matter for the press to decide, not the Government."

While the amount of detail presented at the Pelton trial was unusual, it was far from complete. Federal prosecutors charged that Pelton sold the Soviets information about five U.S. communication "projects," but they were identified merely as A through E and the way they functioned was described only cryptically. Hubert Atwater, a former co-worker at NSA, testified that Project A involved equipment that intercepted "a particular Soviet communications link." The *Post* reported that the operation used U.S. submarines operating in the Sea of Okhotsk, off the Soviet eastern coast. Another ex-colleague identified Project B as an "ongoing operation" to upgrade equipment used in col-

lecting and analyzing Soviet communications. An FBI agent, David Faulkner, who questioned Pelton before his arrest, testified that Pelton said Projects A and B were the only ones that appeared to be of interest to the Soviets.

By Faulkner's account, the circumstances that led to Pelton's turncoat decision are distressingly banal. Mired in debt, Pelton declared bankruptcy in 1979. Then, realizing that he would be considered a security risk because of that action, he quit his \$24,500-a-year job, ending 14 years with NSA. After failing to make a go of two other jobs, he decided "almost spontaneously" in 1980 to offer intelligence to the Soviets. He simply called the Soviet embassy in Washington and asked if he could come by. Although that call was intercepted by the FBI (tapes of two conversations were played at the trial last week), the bureau at the time did not or could not identify Pelton and intercept him. His contact at the Soviet embassy in Washington, according to the U.S., was none other than Vitaly Yurchenko, later to become the high-ranking KGB defector who caused a sensation by unexpectedly defecting back last fall.

To contact Pelton, the Soviets had him wait for a call at the pay phone of a suburban Virginia pizzeria at 9 p.m. on the last Saturday of every month. In late 1980 a caller directed him to another pay phone, where he picked up \$2,000 in a hidden magnetic box and received instructions to travel to Vienna. There, according to the FBI, he was escorted to the Soviet embassy, where he answered lists of written questions. He repeated the process in 1983, receiving a total of \$35,000, plus up to \$5,000 in expenses.

Pelton made a third trip to Vienna last year, Faulkner testified, but his Soviet contact there failed to recognize him, probably because Pelton had lost 75 lbs. in the interim. His weight loss was not the only change in Pelton's life. By then he had separated from his wife, become involved with a new girlfriend and acquired heavy drinking and drug habits. He was also beginning to have second thoughts about his undercover career. "He said," Faulkner testified, "that when he walked into the Soviet embassy on Jan. 15, 1980, it was the biggest mistake of his life." Faulkner also quoted Pelton as saying, "The Soviets got more out of me than I wanted to give up."

The prosecution contends that authorities started closing in on Pelton after a former NSA colleague recognized the defendant's voice on a five-year-old tape of intercepted phone calls to the Soviet embassy. There have also been leaks in Washington that the mysterious Yurchenko, during his brief defection to the

U.S., helped finger Pelton. The FBI interrogated Pelton for about five hours in an Annapolis hotel room last November, then made the arrest.

Pelton's attorney is Fred Bennett, who also defended convicted Navy Spymaster John Walker. Bennett contends that Pelton was not informed of his constitutional right to remain silent during the interrogation and was discouraged from calling an attorney. In a pretrial ruling, Federal District Judge Herbert Murray decided that Pelton's statements to the FBI were admissible.

In the past, the Government has declined to prosecute similar cases for fear of exposing too much about U.S. intelli-

gence capabilities. But some experts speculate that the Administration, deeply concerned about the raft of recent spy cases, decided the time had come to set an example. Philip Lacovara, a former deputy solicitor general, suggested that the Administration wanted "to demonstrate to the thousands of people with access to secrets that if they do sell out, the Government will prosecute. They've decided to make Pelton a case study."

In any event, CIA officials insist that there was no serious dispute between the intelligence community and the Justice Department about what should be revealed. "Everything stated by the U.S. prosecutor at Pelton's trial was coordinated

in advance between lawyers and the NSA." CIA Director Casey told TIME last week.

Given the curious combination of unprecedented revelations and unusual warnings to the press, some wondered whether the U.S. intelligence community might be playing a complicated game of disinformation and confusion. The disclosure that the FBI had recorded Pelton's initial conversations and that it was Double Defector Yurchenko who fingered him could well make Kremlin intelligence analysts wonder about the validity of what they have been told by both men. When asked about this last week, Casey said nothing. — *By William R. Doerner. Reported by Anne Constable and David Halevy/Washington*